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RUEATRS/DEPT OF TREASURY WASHINGTON DC IMMEDIATE  
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RHMFISS/CDR USPACOM HONOLULU HI IMMEDIATE  
RUEKJCS/JOINT STAFF WASHINGTON DC IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 02 BEIJING 000295

SIPDIS

STATE FOR EAP/CM SFLATT  
STATE FOR EEB/TRA/AN JBYERLY, KURS, VLIMAYE-DAVIS  
STATE PASS TO USTR STRATFORD  
COMMERCE FOR AHAAKENSEN; EALFORD  
DEPT OF TRANSPORTATION FOR PGRETCH, KGLATZ, NPORTER  
NSC FOR JLOI  
FAA FOR RCICERO

E.O. 12958: DECL: 02/03/2020  
TAGS: [ETRD](#) [EAIR](#) [PREL](#) [CN](#) [TW](#)  
SUBJECT: TAIWAN ARMS: CHINESE CALL IN U.S. FIRM

REF: A. A. BEIJING 248  
[1](#)B. B. BEIJING 260  
[1](#)C. C. BEIJING 268  
[1](#)D. D. BEIJING 269  
[1](#)E. E. BEIJING 270

Classified By: Econ Deputy Counselor Robert Forden. Reasons 1.4 (b) and (d).

[1](#)1. (C) SUMMARY. China's Ministry of Foreign Affairs (MFA) summoned General Electric (GE) China President Mark Norbom to the MFA on February 4 to warn GE on its participation in Taiwan arms sales, referring specifically to the sale of Sikorsky helicopters "built by UTC and GE." The MFA official, drawing from a prepared script, made reference to unspecified sanctions, but provided no detail nor indicated any specific action against GE would follow. Noting that the MFA official had begun and ended the meeting in an unusually friendly manner, Norbom said he interpreted the message as more of a general warning to be conveyed to GE management rather than a sign that China was preparing sanctions. Separately, Econoff heard from other contacts that some U.S. firms, including Honeywell, had been called in by the Chinese Embassy in Washington, but local offices of those firms tied to the arms deal reported that they have not heard anything from the Chinese government here. END SUMMARY.

GE CHINA GETS THE CALL  
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[1](#)2. (C) In a late afternoon February 4 meeting with DCM, GE China President & CEO Mark Norbom reported that China's Ministry of Foreign Affairs (MFA) that morning had summoned GE to the MFA for an urgent meeting. Norbom had immediately flown to Beijing from his Shanghai base and met that afternoon with MFA Deputy Director General Deng. Deng had opened the meeting in a surprisingly friendly manner, noting that Deng had been a classmate of GE's General Counsel and praising his classmate's abilities. Deng then turned to what seemed to be a scripted message regarding GE's supply of engines for the UTC Sikorsky helicopters in the Taiwan arms deal. Deng reviewed the various agreements in which, Deng asserted, the U.S. had agreed not to sell arms to Taiwan, and stated such actions constituted gross interference in China's internal affairs.

13. (C) Deng cited the possibility of sanctions, but did not provide any specifics. He told Norbom that China was aware of GE's long participation in the China market, and counseled that the company "should not look for small profits that hurt its larger interests." If GE goes through with the deal, Deng emphasized, "there could be repercussions," noting GE's "great potential in the civil aviation market." (Note: Norbom later told EconOff that GE was the market leader for aircraft engines in China, as in the world, with more than a third of the installed base in Chinese airlines. End Note). In response, Norbom noted that while GE did supply engines that were used in Sikorsky helicopters, he did not believe GE was involved in deciding to whom the end product was sold. Deng ignored the distinction, Norbom said, continuing to refer to helicopters "built by UTC and GE."

14. (C) GE's Norbom said that it was clear Deng wanted him to convey the message upward in the company, and that GE's DC-based government affairs office had already been contacted by the Chinese Charge d'Affaires in Washington who had delivered a similar message. Norbom interpreted the meeting as more of a general threat than an indication that China was preparing specific sanctions against GE. He noted that Deng had ended the meeting much like he had started it -- in a very friendly mode -- and even had walked Norbom to his car. Norbom said he would report the meeting to the management of GE International in Brussels, but said GE was not considering any particular response to the MFA. Norbom expressed disappointment that GE had been targeted by MFA, noting that the company's name had not been cited in the local press and

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he had hoped it would stay that way.

HONEYWELL A TARGET; OTHERS COMPANIES REPORT NO NEWS

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15. (C) Separately, EconOff heard from other contacts that Honeywell had also been called in by the Chinese, but in Washington by the Chinese Embassy. Local Honeywell China government relations staff, however, reported that they had not been contacted here yet by Chinese authorities. Honeywell had not been previously identified as connected to the Taiwan arms sale in Western and Chinese media. Honeywell's Beijing office told us that its China business is in the four core areas of automation, aviation, transport and specialty materials. Aviation represents around 30 percent of its China revenues, and its aviation unit here is the second largest after automation. In addition to flight control systems, Honeywell's aviation unit sells braking systems, lighting, and avionics systems in China. Localized operations for its aviation business primarily involve maintenance, rather than manufacturing. Local offices of Boeing and United Technologies Corp. (UTC) reported they have not been contacted here by Chinese officials.

HUNTSMAN